



# POLYCHEM LIMITED

**57th Annual Report  
2013 - 2014**

## POLYCHEM LIMITED

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)

<b>BOARD OF DIRECTORS</b>	MR. TANIL R. KILACHAND MR. PARTHIV T. KILACHAND MR. ATUL H. MEHTA	Executive Chairman Managing Director Dy Managing Director (w.e.f. 01/06/2014)
	MR. VINAY V. SAHASRABUDHE MR. DEVANG J. VYAS MR. CHETAN R. DESAI MR. NANDISH T. KILACHAND	
<b>COMPANY SECRETARY</b>	MR. A. H. MEHTA (upto 29/05/2014)	
<b>AUDITORS</b>	M/s. G.M.KAPADIA & CO. Chartered Accountants	
<b>LEGAL ADVISERS</b>	M/s. DAPHTARY, FERREIRA & DIVAN	
<b>REGISTERED OFFICE</b>	7, Jamshedji Tata Road Churchgate Reclamation Mumbai 400 020.	

<b>WORK</b>	<b>CORPORATE MANAGEMENT TEAM</b>	
SPECIALTY CHEMICALS	MR. T. R. KILACHAND	Executive Chairman
W-91, MIDC Phase II	MR. P. T. KILACHAND	Managing Director
Dombivali (E) 421 203	MR. A. H. MEHTA	Dy. Managing Director

Note:As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

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**NOTICE**

Notice is hereby given that the Fifty Seventh Annual General Meeting of the Members of POLYCHEM LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Tuesday, 5th August, 2014 at 10.30 a.m., to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2014, including the audited Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.
2. To appoint a Director in place of Mr. T.R. Kilachand (DIN 00006659), who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. N.T. Kilachand (DIN 00005530), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution :-  
“**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. G.M. Kapadia & Company, Chartered Accountants, Mumbai (Firm Regn. No.104767W), be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the third consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors.”

**SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:-  
“**RESOLVED THAT** pursuant to the provisions of sections 149, 152, Schedule IV & other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Companies (Appointment & Qualifications of Director) Rules 2014 & other applicable rules, if any, Mr. V. V Sahasrabudhe (DIN 00296976), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years, commencing from 5th August, 2014, not liable to retire by rotation.”
6. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:-  
“**RESOLVED THAT** pursuant to the provisions of sections 149, 152, Schedule IV & other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Companies (Appointment & Qualifications of Director) Rules 2014 & other applicable rules, if any, Mr. D. J. Vyas (DIN 01196309), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years, commencing from 5th August, 2014, not liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:-  
“**RESOLVED THAT** pursuant to the provisions of sections 149, 152, Schedule IV & other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Companies (Appointment & Qualifications of Director) Rules 2014 & other applicable rules, if any, Mr. C. R. Desai (DIN 03246010), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years, commencing from 5th August, 2014, not liable to retire by rotation.”



8. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special resolution:-  
“**RESOLVED THAT** in supersession of the Resolution passed by the members of the Company at the Annual General Meeting held on 23rd September, 2010 and pursuant to the provisions of Sections 196, 197 Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment & Remuneration of Managerial Personnel) Rule, 2014 approval of the members of the Company be and is hereby accorded to the re-appointment of Mr.P.T.Kilachand, (DIN 00005516) as a Managing Director of the Company, for a period of three years with effect from 1st April, 2014, upon the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr.P.T.Kilachand, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”
- “**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. P. T. Kilachand the remuneration payable to him by way of salary, allowances, and perquisites shall not, exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof.”
- “**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”
9. To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:-  
“**RESOLVED THAT** Mr. A.H.Mehta (DIN 00005523), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 29th May, 2014, in terms of Section 260 of the Companies Act, 1956 (corresponding to Section 161(1) of the Companies Act, 2013) and Article 133 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”
10. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special resolution:-  
“**RESOLVED THAT** pursuant to the provisions of Sections 196 , 197 Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment & Remuneration of Managerial Personnel) Rule, 2014 approval of the members of the Company be and is hereby accorded to appointment of Mr. A.H. Mehta (DIN 00005523), Dy. Managing Director of the Company, for a period of three years with effect from 1st June, 2014 upon the terms and conditions including remuneration as set out in explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. A.H. Mehta, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”
- “**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. A. H. Mehta the remuneration payable to him by way of salary, allowances, and perquisites shall not, exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof.”
- “**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Corporate Identification Number (CIN) : L24100MH1955PLC009663

By Order of the Board of Directors

**Registered Office :**

7, Jamshedji Tata Road  
Churchgate Reclamation  
Mumbai 400 020.  
Dated : 29th May, 2014.

**A.H.MEHTA**  
VP – Corporate Affairs & Company Secretary



NOTES:

- (a) The relative Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 5 to 10 of the Notice, is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. The Proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (c) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
- (d) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- (e) The Register of Contracts or Arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- (f) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 16th June, 2014 to Monday, 23rd June, 2014 (both days inclusive).
- (g) Members holding shares in the dematerialized mode are requested to intimate changes in their address, if any, to their Depository Participants and Members holding shares in physical form are requested to intimate the change of address, if any, immediately to Registrar & Share Transfer Agents - Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.  
Telephone : 022-67720300 / 022-67720400      Fax : 022-28591568  
Email : sharepro@shareproservices.com
- (h) The Notice of the 57th Annual General Meeting along with the printed Attendance Slips is being despatched to all Members. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email address is registered with the Company/ the Depository Participant(s), unless any member has requested for a hard copy of the same. For members who have not registered their email address, the Annual Report for 2014 is sent along with the Notice. Members who have not yet registered their email address are encouraged to submit their request with their respective Depository Participant or the Company, as the case may be.
- (i) Members may also note that the Notice of the 57th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website [www.polychemltd.com](http://www.polychemltd.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post free of cost.
- (j) Additional information pursuant to clause 49 of the Listing Agreement with the stock exchange in respect of the Directors seeking appointment/ re-appointment at the AGM are furnished and forms a part of the Notice. The Directors have furnished the requisite consents/ declarations for their appointment/ re-appointment.
- (k) The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
- (l) All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days upto the date of AGM.
- (m) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of section 205-A of the Companies Act, 2013.
- (n) The Company's securities are listed on the following Stock Exchange:



Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2014
1.	Bombay Stock Exchange Ltd., Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees for 2013-14 to the above Stock Exchange.

#### ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102(1) OF THE COMPANIES ACT, 2013.

The following Explanatory Statement, as required by Section 102(1) of the Companies Act, 2013 sets out the material facts relating to business under Item Nos. 5 to 10, mentioned in the accompanying Notice dated 29th May, 2014.

#### Item No.5 to 7

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements, entered with the Bombay Stock Exchange, appointed Mr.V.V.Sahasrabudhe, Mr. D.J. Vyas and Mr.C.R. Desai, as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came into effect from 1st April, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Mr.V.V.Sahasrabudhe, Mr. D.J. Vyas and Mr.C.R. Desai, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided in section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and Rules framed thereunder for the appointment as Independent Director and they are independent of the management. Notices have been received by the company from members under Section 161 of the Companies Act, 2013 proposing the appointment of the aforesaid persons as Directors of this Company at this meeting.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

None of the Directors or Key Managerial Personnel of the company and their relatives other than independent Directors for their respective appointment are concerned or interested, financially or otherwise, in these Resolutions.

#### Item No.8

Mr. P.T. Kilachand was appointed as an Additional Director with effect from 3rd December, 1996 and as a Whole-time Director from time to time. In accordance with the conditions specified in Schedule V of the Act, the Board at its meeting held on 29th May, 2014 appointed Mr. P.T. Kilachand as Managing Director for a period of 3 years from 1st April, 2014, superseding the earlier resolution passed by the Company in this connection. This appointment is subject to the approval of the members at the Annual General Meeting.

The main terms of appointment of Mr. P.T. Kilachand as Managing Director is placed before the meeting, are as follows:

##### I. SALARY:

Rs.1,00,000/- per month which may be increased by such amounts as the Board may determine from time to time, subject to a maximum of Rs.7,00,000/- per month.

##### II. COMMISSION:

Commission of one percent of the net profit of the Company, subject to a ceiling of 50% of the salary or Rs.8,00,000/- per annum, whichever is less.



## III. PERQUISITES:

## 1. HOUSING:

- (a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Managing Director.
- (b) In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance, subject to the ceiling laid down in (a) above.

2. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to the ceiling of ten percent of the salary of the Managing Director.
3. Reimbursement of medical expenses incurred for the Managing Director and his family, namely his wife, dependant children and dependant parents, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
4. Leave Travel Concession for the Managing Director and his family namely, his wife, dependant children and dependant parents once in a year incurred in accordance with the Rules specified by the Company.
5. Fees of two clubs, which will not include admission and Life Membership Fees.
6. Personal Accident Insurance of premium not exceeding Rs.10,000/- per annum.
7. The Company's contribution to Provident Fund, Superannuation Fund and / or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under Income Tax Act.
8. Gratuity as per the rules of the Company.
9. Free use of Company's car with driver for the business of the Company and telephone at his residence will not be considered as perquisites.
10. Mr. P.T.Kilachand will also be entitled to privilege leave on full pay and allowances, as per rules of the company, but not more than one month's leave for every eleven months.
11. Other Perquisites: Subject to overall ceiling on remuneration mentioned here in, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

The above remuneration in terms of Salary, Commission, perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company as the case may be as laid down in Section 197 of the Companies Act, 2013 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 197 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

The remuneration is approved by the Remuneration Committee of the Directors at its meeting held on 29th May, 2014.

The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Managing Director, pursuant to Section 109 of the Companies Act, 2013. A statement as required under section II, Part II of the Schedule V to the Companies Act, 2013 with reference to Resolution No. 8 is annexed here to and marked as **Annexure A**.

Mr. P.T. Kilachand, Mr. T. R. Kilachand and Mr.N.T.Kilachand, are interested in resolution Item No.8

None of the other Directors or Key Managerial Personnel of the Company, is in any way, concerned or interested in the said resolution.

**Item No.9**

Mr. A.H.Mehta was appointed as an Additional Director with effect from 29th May, 2014. In terms of Article 133 of the Articles of Association of the Company, Mr.A.H.Mehta ceases to hold office as Director at this Annual General Meeting. A notice has been



received by the company from a member under Section 161 of the Companies Act, 2013 proposing the appointment of Mr.A.H.Mehta as a Director of this Company at this meeting. Mr.A.H.Mehta offers himself for appointment as a Director at this meeting, having filed the Consent with the Company to act as a Director, if appointed.

Your Directors recommend his appointment.

None of the Directors of the Company are interested in the said resolution except, Mr.A.H.Mehta.

**Item No.10**

Mr. A.H.Mehta was appointed as an Additional Director with effect from 29th May, 2014. In accordance with the conditions specified in Schedule V of the Act, the Board at its meeting held on 29th May, 2014 appointed Mr. A.H.Mehta as Dy. Managing Director for a period of 3 years from 1st June, 2014. This appointment is subject to the approval of the members at the Annual General Meeting.

The main terms of appointment of Mr. A.H.Mehta as Dy. Managing Director is placed before the meeting, are as follows:

I. SALARY:

Rs.80,000/- per month which may be increased by such amounts as the Board may determine from time to time, subject to a maximum of Rs.7,00,000/- per month.

II. COMMISSION:

Commission of one percent of the net profit of the Company, subject to a ceiling of 50% of the salary or Rs. 8,00,000/- per annum, whichever is less.

III. PERQUISITES:

1. HOUSING:

- (a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Dy.Managing Director.
- (b) In case the accommodation is owned by the Company, 10% of the salary of the Dy. Managing Director shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the Dy. Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.

2. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to the ceiling of ten percent of the salary of the Dy. Managing Director.
3. Reimbursement of medical expenses incurred for the Dy. Managing Director and his family, namely his dependant children, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
4. Leave Travel Concession for the Dy. Managing Director and his family namely, his dependant children once in a year incurred in accordance with the Rules specified by the Company.
5. Fees of two clubs, which will not include admission and Life Membership Fees.
6. Personal Accident Insurance of premium not exceeding Rs.10,000/- per annum.
7. The Company's contribution to Provident Fund, Superannuation Fund and / or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under Income Tax Act.
8. Gratuity as per the rules of the Company.
9. Free use of Company's car with driver for the business of the Company and telephone at his residence will not be considered as perquisites.
10. Mr. A.H.Mehta will also be entitled to privilege leave on full pay and allowances, as per rules of the company, but not more than one month's leave for every eleven months.



11. Other Perquisites: Subject to overall ceiling on remuneration mentioned here in, the Dy. Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

The above remuneration in terms of Salary, Commission, perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company as the case may be as laid down in Section 197 of the Companies Act, 2013 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 197 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

The remuneration is approved by the Remuneration Committee of the Directors at its meeting held on 29th May, 2014.

The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Dy. Managing Director, pursuant to Section 109 of the Companies Act, 2013. A Statement as required under section II, Part II of the Schedule V to the Companies Act, 2013 with reference to Resolution No. 10 is annexed hereto and marked as **Annexure A**.

Except Mr. A. H. Mehta, none of the other Directors or Key Managerial Personnel of the Company, is in any way, concerned or interested in the said resolutions.

**As required in terms of Clause 49 of the Listing Agreement, the details of the director retiring by rotation and eligible for re-appointment/ Additional Director are furnished below:**

Name of Director	Mr. T. R. Kilachand	Mr. N. T. Kilachand	Mr. A. H. Mehta
Age	77 years	42 years	69 years
Qualification	B.A. from Cambridge University in History and Law. M.B.A. in Business Administration from Harvard Business School.	BA from Tufts University, Boston, USA. 'A' levels from Eton College, Windsor, England. ICSE, Cathedral & John Connon School, Mumbai	B.Com., F.C.A., F.C.S.
Expertise	He was the Managing Director of the Company from 19 <sup>th</sup> August, 1986 and Chairman & Managing Director from 1 <sup>st</sup> February, 1995. He is now the Executive Chairman from 27 <sup>th</sup> July, 2012. He has over 46 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chamber. He has been associated with various charitable trusts and is Director / Chairman of several Companies.	Director in charge of Sun Tan Trading Co. Ltd., which was the authorized distributor of the world's largest foreign liquor company. Also established a company providing third party logistics solutions including specialized warehousing, to a wide section of importers specializing in the duty free market. Director of Connell Bros. (India) Pvt. Ltd., which undertakes distribution and manufacture of speciality and high-end chemicals in India.	He has been involved with the Company since January 1988 and is familiar with all aspects of the Company. Currently he is serving as Vice President – Corporate Affairs & Company Secretary. He has experience in audit, accountancy, secretarial, legal & Admn., Taxation etc. with the Company, and Sandeep Holdings and Tandon Singapore Pte. Ltd.
Other Directorship as on 31 <sup>st</sup> March, 2014 (Excluding Private Companies)	Gujarat Poly-AVX Electronics Limited and Ginners & Pressers Limited.	Ginners & Pressers Limited and Sun Tan Trading Co. Ltd.	Gujarat Poly-AVX Electronics Ltd., Environmental Purifiers Ltd. and Sun Tan Trading Co.Ltd.
No. of Equity Shares held	1,938	1,335	5



A brief Profile of the Independent Directors to be appointed is given below :

Name of Director	Mr. V.V.Sahasrabudhe	Mr. D .J.Vyas	Mr. C.R. Desai
Age	75 years	56 years	60 years
Qualification	B.A., LL.B.	B.Com, LL.B., F.C.S., A.C.I.S. (U.K.), A.A.S.M	B.E. (Electronics and Communications). MDP in Project and Retail Management from IIM Ahmedabad
Expertise	Income-tax Officer from 1967 to 1975 in the Income-tax Department. Senior Tax Officer from 1975 with Kilachand Devchand & Co. Ltd. and thereafter as General Manager, Legal & Taxation up to 2002. From 2003 practicing as Tax Consultant.	Practicing Company Secretary, having experience of over 27 years in Company law, Merchant Banking and Corporate Laws.	Over 34 years of Top Management working experience in Project Management, Tech Transfer, Sales, Marketing, Branding and Retail. Held positions such as General Manager in Eureka Forbes, Vice – President in Gujarat Poly-AVX Electronics Ltd, Managing Director in AVX Electronics – Retail in Raymond and Sr. Vice President in Reliance Industries Ltd.
Other Directorship as on 31 <sup>st</sup> March, 2014 (Excluding Private Companies)	Not Applicable	Not Applicable	Environmental Purifiers Ltd.
DIN	00296976	01196309	03246010

Corporate Identification Number (CIN) : L24100MH1955PLC009663

**Registered Office :**

7, Jamshedji Tata Road  
Churchgate Reclamation  
Mumbai 400 020.

Dated : 29th May, 2014.

By Order of the Board of Directors

**A.H.MEHTA**

VP – Corporate Affairs & Company Secretary

**Annexure A**

Statement as required under Section II, Part II of the Schedule V to the Companies Act, 2013 with the reference to the Resolution Nos. 8 & 10 are as follows:

**I. General Information:**

- (1) Nature of Industry : Manufacturers of Specialty Chemicals & Property Development.
- (2) Date or expected date of commencement of Commercial production :  
Existing Company already commenced commercial production since 1956.
- (3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :  
Existing Company, Not applicable.
- (4) Financial Performance based on given Indicators:

(Rs. in lacs)

Sr. No	Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013	For the year ended 31.03.2012
1.	Sales Turnover	1653	929	758
2.	Profit before Depreciation and Tax	159.49	(31.63)	(22.93)
3.	Deferred Tax	(0.54)	(4.31)	2.32
4.	Profit after Tax	144.73	(47.10)	(32.62)

- (5) Foreign Investments or Collaborations, if any : NIL.

**II. Information about the Appointees:**

- (1) Background details :

- (a) Mr. P.T.Kilachand (DIN 00005516)

Mr. P.T. Kilachand is Bachelor of Science in "Electrical Engineering" and A.B. "Engineering & Economics" from Brown University.

He served as an Executive Director of the Company for more than 7 years.

- (b) Mr. A.H. Mehta (DIN 00005523)

Mr. A.H. Mehta holds a Bachelor Degree in Commerce. In addition, he is a Chartered Accountant and a Company Secretary.

He has experience in Audit, Accountancy, Secretarial, Legal & Admn, Taxation, etc with Polychem Ltd., Sandeep Holdings Ltd and Tondon Singapore Pte. Ltd.

- (2) Past Remuneration :

Mr. P.T.Kilachand : No Remuneration.

Mr. A.H.Mehta : Remuneration as VP-Corporate Affairs & Company Secretary of Rs 13,07,376/- excluding superannuation fund and provident fund has been paid for the year ended 31st March, 2014.

- (3) Recognition or awards :

Mr. P.T. Kilachand : None

Mr. A.H. Mehta : None



(4) Job profile and suitability :

Mr. P.T.Kilachand :

He has been actively involved and looking after all aspects of the various activities of the Company since April 1997. Experience in Management, Marketing and negotiation with varied authorities.

Mr. A.H.Mehta :

He has been involved with the Company since January 1988 and is familiar with all aspects of the Company. He has been serving as a Vice President – Corporate Affairs & Company Secretary since 1993 and is responsible for Company's finance and legal functions and carries out duties as instructed to him from time to time by the Board of Directors.

(5) Remuneration Proposed :

As stated in the Resolution proposed in the notice at Item No. 8 & 10

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :

The Remuneration proposed for Mr. P.T.Kilachand & Mr. A.H. Mehta is similar to that drawn by the peers in the similar capacity in the similar industry.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :

Mr.P.T.Kilachand :

Mr. P.T. Kilachand is a Managing Director and Promoter of the Company, holding directly and indirectly through promoter and promoter group, 2,08,367 Equity shares of Rs 10/- each which constitute 51.57% of the paid up capital of the Company as on 31st May, 2014. Mr. T.R.Kilachand, Executive Chairman and Promoter of the Company, is father of Mr. P.T.Kilachand and Mr. N.T.Kilachand, Non-Executive Director and Promoter of the Company, is brother of P.T. Kilachand. Other than these and remuneration paid to him, there is no pecuniary relationship of Mr. P.T. Kilachand, directly or indirectly with company or with its managerial personnel.

Mr. A.H.Mehta :

Mr. A.H. Mehta holds 5 Equity shares of Rs 10/- each of the Company and he is also paid remuneration. Other than these there is no pecuniary relationship of Mr. A. H. Mehta, directly or indirectly with company or with its managerial personnel.

**III. Other Information :**

(1) Reasons of loss or inadequacy profits :

Due to price fluctuation in the main raw material i.e. styrene monomer and no corresponding increase in the price of our finished products resulted in loss or inadequacy profits in previous years.

(2) Steps taken or proposed to be taken for improvement :

Company is receiving export orders. To export materials, Company has taken steps to increase production at the factory or Job processors, as also increase the number of Job processors.

(3) Expected Increase in productivity and profits in measurable terms :

Our Customers for the specialty polymers are in investment casting industry. The major end user segment for investment cast product is automotive, aerospace industry, valves & instruments. Both the domestic as well as export business have picked up since the beginning of the year. The second specialty product is used as filler in cement for structural repair of columns & beams in the old buildings. The demand for this product is on the rise as the repair work keeps on increasing due to ageing of buildings, coupled with other factor like increase in exports are likely to increase the profitability of the Company in coming years.

**IV. Disclosures :**

Disclosure in the Board of Directors' Report under 'Corporate Governance' is to be attached to the Financial Statement.



**E-VOTING INSTRUCTIONS**

**1. Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):  
The instructions for e-voting are as under:
- A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository participant(s)]:
  - (i) Members whose e-mail addresses have been registered, need to open the attached PDF file ["Polychem.pdf"] received from NSDL, giving your Client ID or Folio No. as default password (the file contains your "User ID" and "Password for e-voting") and follow steps B (ii) to B (xii) given below to cast your vote.
- B. In case of a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
  - (i) Members who have not registered their email address can use the \*details as provided overleaf of the Attendance Slip.

**\*EVEN (E Voting Event Number) USER ID PASSWORD/PIN**

- (ii) Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Polychem Limited.
- (viii) Now you are ready for e-Voting as the Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy

(PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer Ms. Ragini Chokshi of Ragini Chokshi & Co., Practicing Company Secretary on her E-mail ID: [chokshiragini@gmail.com](mailto:chokshiragini@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- D. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- F. The e-voting period commences on July 30, 2014 (9:00 am) and ends on August 1, 2014 (6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. June 30, 2014, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- G. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off date i.e. Monday, June 30, 2014.
- H. Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 30, 2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
- I. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- J. The Results shall be declared at the 57th Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.polychemltd.com](http://www.polychemltd.com) and on the website of NSDL within two (2) days of passing of the resolutions at the 57th Annual General Meeting of the Company on 5th August, 2014 and communicated to the BSE Limited.

**2. Inspection of documents.**

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered and Corporate Office of the Company during normal business hours on any working day up to the date of the 57th Annual General Meeting of the Company.

**DIRECTORS' REPORT**

To  
The Members of  
POLYCHEM LIMITED

Your Directors' present the Fifty Seventh Annual Report and Statement of Accounts for the year ended 31st March, 2014.

	<b>01-04-13 to 31-03-14 (Rs.in lacs)</b>	01-04-12 to 31-03-13 (Rs.in lacs)
<b>FINANCIAL RESULTS</b>		
Sales	<b>1653.16</b>	929.09
Profit/(Loss) before Depreciation & Tax Depreciation	<b>159.49</b> <b>14.22</b>	(31.63) 11.16
Profit/(Loss) before tax	<b>145.27</b>	(42.79)
Current tax Deferred tax	-- <b>0.54</b>	-- 4.31
Profit/(Loss) after tax	<b>144.73</b>	(47.10)
Excess provision of tax in respect of earlier years	<b>4.68</b>	--
	<b>140.05</b>	(47.10)
Prior period items	<b>3.53</b>	(0.76)
	<b>143.57</b>	(47.86)

During the year ended 31st March, 2014 your Company has made profit of Rs. 140.05 lacs against loss of Rs. (47.10) lacs after tax in previous year. The Company cannot recommend dividend due to accumulated losses of the Company.

1. Sales of specialty chemicals during the year ended was Rs.1653.16 lacs compared to Rs.929.09 lacs during the previous year and for property development Rs. Nil during the current and previous year.
2. **GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL) – Associate Company**  
The sale of GPAEL during the year ended 31st March, 2014 was Rs.1029.01 lacs as against sale of Rs.955.07 lacs during the previous year. GPAEL has made profit of Rs.0.44 lacs during the year ended 31st March, 2014 as compared to loss of Rs.(7.20) lacs during the previous year. After write-off of exceptional items viz., interest, penal interest and other charges etc., there is loss of Rs.(207.99) lacs during the previous year. In the current year there is no such write-off.
3. **AUDIT COMMITTEE:**  
The Audit Committee now consists of 4 members, viz. Mr. V. V. Sahasrabudhe, Mr. T. R. Kilachand, Mr. C. R. Desai and Mr. D. J. Vyas.
4. **DIRECTORS' RESPONSIBILITY:**  
Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:
  - a. In the preparation of the annual accounts, the applicable accounting standards have been followed.
  - b. Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended 31st March, 2014.
  - c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



d. The annual accounts have been prepared on a going concern basis.

**5. TAXATION:**

The Company's Income Tax assessments have been completed up to the year ended 31st March, 2011.

**6. DEPOSITS:**

Company has repaid all deposits and there are no outstanding deposits.

**7. INDUSTRIAL RELATIONS:**

Industrial Relations with the employees of the Company were cordial during the year under report.

**8. PARTICULARS OF EMPLOYEES:**

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

**9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.:**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

**10. DIRECTOR:**

Mr. T.R.Kilachand retires from Office by rotation, but being eligible, offer himself for re-appointment.

The Board has appointed Mr.P.T.Kilachand as Managing Director of the Company with effect from 1st April, 2014 in terms of provisions of the Companies Act, 2013. Your approval is sought for his appointment and for the remuneration payable to him as detailed in the Notice convening the meeting.

Mr. A.H.Mehta was appointed as an Additional Director with effect from 29th May, 2014. He has also been appointed as Dy.Managing Director with effect from 1st June, 2014. Your approval is sought for his appointment and for the remuneration payable to him as detailed in the Notice convening the meeting.

**11. CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Directors' Report.

**12. AUDITORS' REMARKS:**

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

**13. AUDITORS:**

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s.G.M.Kapadia & Co., Chartered Accountants, Mumbai, are eligible for re-appointment.

**14. COST AUDITOR:**

Complying with the provisions of Section 233B of the Companies Act, 1956 and the MCA General Circular No.15/2011 dated 11th April, 2011 (as amended vide General Circular No.36/2012 dated 6th November, 2012), the Audit Committee has recommended and the Board of Directors had appointed Mr. Ajit N. Patel of M/s. Ajit Patel & Co., Cost Accountants, Mumbai (Membership No.A1233), being eligible and having sought re-appointment, as Cost Auditor of the Company to carry out the cost audit of the product manufactured by the Company for the year ending March 2015.

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

By Order of the Board of Directors

**TANIL KILACHAND**  
Executive Chairman

**Registered Office :**

7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400 020.

Dated: 29<sup>th</sup> May, 2014.

**ANNEXURE I**
**A. CONSERVATION OF ENERGY**

----- NIL -----

**FORM 'A'**

POWER AND FUEL CONSUMPTION	2013-14	2012-13
(1) <b>Electricity</b>		
(a) Purchased units (Kwh)	15,300	18,851
Total Amount (Rs.)	1,41,100	1,52,179
Rate (Kwh)	9.22	8.07

**FORM 'B'**

Disclosures of particulars with respect to Technology Absorption, Research & Development.

**A. Research and Development:**
**1. Specific area in which R&D work is carried out:**

We are trying to develop a know-how for the mass polymerization of Poly Alpha Methyl Styrene and Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000).

We are trying to develop technology for manufacture of large diameter beads of Cross Linked Polystyrene (XLPS) for Oil Field Application.

**2. Benefits derived as a result of the above R&D:**

There is a good demand for Poly Alpha Methyl Styrene, once we develop a know-how for this product, we can cater to this market both in domestic as well as overseas. There is good market for Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000) in China and Japan for use as a component in additives.

A potentially good market exists for large diameter beads of XLPS in Oil Field Application.

**3. Future plan of action:**

Once we are successful in developing above two Products, we will introduce the same commercially.

**4. Expenditure on R&D:**

No major expenses incurred for R&D.

**B. Technology Absorption, Adaption and Innovation:**
**1. Efforts in brief made towards technology absorption, adaption and innovation:**

Since local technology is used for manufacture of the products of the company, there is no question of technology absorption.

**2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:**

----- nil -----

**3. Imported Technology:**

No new technology has been imported.

**4. Foreign Exchange Earnings and Outgoings:**

	<u>Current Year</u>	<u>Previous Year</u>
		(Rs.in lacs)
a) Foreign exchange outgo	15.35	5.37
b) Foreign exchange earned (FOB Value)	1250.36	545.17



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Overview:

Company is operating in the manufacturing of Specialty Chemicals and development of property / land.

### Opportunities:

Our customers for the specialty polymers are in investment casting Industry. The major end user segment for investment cast products is automotive, aerospace industry, valves & instruments. Both the domestic as well as export business have picked up since the beginning of the year. The general slowdown in the economy has not affected our business. In fact our export business has grown considerably.

The second specialty product is used as filler in cement for structural repair of columns & beams in the old buildings. The demand for this product is on the rise as the repair work keeps on increasing due to ageing of buildings.

### Threats:

The basic raw material for the majority of our products is Styrene Monomer. Styrene is derived from Benzene, which in turn is derived from crude oil. Crude oil prices are volatile.

### Risks & concerns:

Due to price fluctuation in the main raw material i.e. styrene monomer and no corresponding increase in the price of our finished products the margin on our finished products in the domestic market is a major area of concern.

Due to increasing trend for re-development of old buildings rather than their repairs the demand for one of our products viz. the latex is likely to go down.

### Outlook:

Company has settled the various liabilities including statutory liability. The working of Specialty Chemicals is also improving.

### Financial Performance:

#### a) Share Capital:

The issued and paid-up share capital of the Company is Rs.40,40,450/- consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2014.

#### b) Reserves and Surplus:

As on 31st March, 2014 the reserves and surplus are Rs.1494.83 lacs.

#### c) Secured Loans:

There are no secured loans outstanding as on 31st March, 2014.

#### d) Results of Operation:

Revenue for the current year including other income amounts to Rs.1653.16 lacs compared to Rs.929.09 lacs. Profit before tax is Rs.145.27 lacs compared to loss before tax of Rs.42.79 lacs during the previous year. Provisions for tax including deferred tax asset during the year is Rs.5.22 lacs compared to Rs. 4.31 lacs during the previous year. Profit after tax amounts to Rs.140.05 lacs during the year compared to loss of Rs.47.10 lacs during the previous year.

### Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

### Segmentwise Performance:

There are two income generating segments. Segment-wise revenue for the year ended 31st March, 2014 is as follows. viz. (1) Property / Land Rs. NIL (2) Specialty Chemicals Rs.165316 (000). The sale of Specialty Chemicals is showing good growth.

### Internal Control System:

Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials and fixed assets and for the sale of goods.

### Human Resources:

The Company has good relation with its employees.

**CORPORATE GOVERNANCE REPORT (2013-2014)**
**1. Statement on Company's philosophy on code of governance:**

The Company's philosophy on corporate governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

**2. Board of Directors:**

The Board of Directors comprises of six members and is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

The Composition of the Board of Directors, Attendance of each Director at the Board Meeting, last AGM, sitting fees paid and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees includes only audit and Shareholders'/Investors' Grievance Committees.

**F. Y. April '13 to March '14**

Name of the Director	Attendance Particulars				No. of other Directorships and Committee Membership/Chairmanship	
	Category	Board Meetings	Last AGM held on 06/08/2013	Board Mtg. Sitting Fees (Rs.)	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T. R. Kilachand	EC(P)	4	Yes	--	2	1 Committee Membership & 1 Chairman
Mr. P. T. Kilachand	MD(P)	4	Yes	--	3	1
Mr. V. V. Sahasrabudhe	NED(I)	3	Yes	18000	--	--
Mr. D. J. Vyas	NED(I)	4	Yes	24000	--	--
Mr. C. R. Desai	NED(I)	4	Yes	24000	1	--
Mr. N. T. Kilachand	NED(P)	3	Yes	9000	2	--

**Notes:**

1. EC(P) – Executive Chairman and Promoter.
2. NED(I) – Non-Executive Director and Independent
3. MD(P) – Managing Director and Promoter
4. NED(P) – Non-Executive Director and Promoter.

Sitting fees paid for attending Board meetings have only been taken into consideration.

**Remuneration to Directors**

The Executive Chairman and the Managing Director have not drawn any remuneration.

Number of Board Meetings held and dates on which held:

During the financial year 2013-14, four Board meetings were held on the following dates:

- (a) 23rd May, 2013,
- (b) 6th August, 2013,
- (c) 12th November, 2013, and
- (d) 30th January, 2014.

**3. Audit Committee:**

The Company had constituted an Audit Committee on 31st January, 2002 pursuant to the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

**The Audit Committee comprises of the following Directors:**

- Mr. V. V. Sahasrabudhe – Chairman
- Mr. T. R. Kilachand
- Mr. D. J. Vyas
- Mr. C. R. Desai



Three members of the Audit Committee are independent. All members of the Audit Committee have knowledge of finance, accounts, company law. The quorum for audit committee meeting is minimum of two members.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange that inter alia, include overseeing financial reporting process, reviewing with the management the financial statements and adequacy of internal control systems.

The audit committee shall have the following powers-

- a) Investigate any activity within its terms of reference.
- b) Seek information from any employee.
- c) Obtain outside legal or other professional advice.
- d) Secure attendance of outsiders with relevant expertise, if considered necessary.

During the year 2013-14, four meetings of the Audit Committee were held on the following dates:

- (a) 23rd May, 2013, (b) 6th August, 2013,
- (c) 12th November, 2013, and (d) 30th January, 2014.

Name of the Director	No. of meetings attended
Mr. T. R. Kilachand	4
Mr. V. V. Sahasrabudhe	3
Mr. D. J. Vyas	4
Mr. C. R. Desai	4

The Company Secretary acts as the Secretary to the Committee.

#### 4. Details of number of Shares and Convertible instruments held by Non-Executive Directors:

None of the Non-Executive Directors are holding any Shares or Convertible instruments of the Company.

#### 5. Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee has been delegated the power of attending to share transfers.

There are no transfers pending as at the date of certification of compliance of conditions of corporate governance.

The following Directors are the members of the Shareholders'/Investors' Grievance Committee:

Sr. No.	Name of the Director	No. of Meeting/s	
		Held	Attended
1.	Mr. V. V. Sahasrabudhe – Chairman	14	14
2.	Mr. T. R. Kilachand – Director	14	12
3.	Mr. P. T. Kilachand – Director	14	13

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of Share Certificates and investors complaints etc.

Share Transfer formalities are attended to at least once a week.

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

No complaints were received during the year ended on 31.3.2014. No complaints were pending as on 31.3.2014.

#### 6. CEO/CFO Certification:

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary of the Company has certified to the Board that:

- (a) He has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge & belief:-
  - (i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- (b) There are, to the best of his knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) He accepts responsibility for establishing and maintaining internal controls for financial reporting and that he has evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and he has disclosed to the auditors and the Audit Committee those deficiencies of which he is aware, in the design or operation of such internal control and that he has taken the required steps to rectify these deficiencies.
- (d) He further certifies that they have indicated to the Auditors and Audit Committee -
  - (i) there have been no significant changes in internal control over financial reporting during the year.
  - (ii) there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

**7. Code of Conduct:**

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Clause 49 (V) of the Listing Agreement. The said code, which came into effect from January 1, 2006, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2014.

For Polychem Limited

**A.H.Mehta**

VP – Corporate Affairs & Company Secretary

**8. Means of Communications:**

The quarterly results are communicated to Bombay Stock Exchange Ltd., Mumbai.

**9. Disclosure:**

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary constitutes 'Management'.

The Board noted that certificate has been received from the management that there have not been any material financial or commercial transactions during the year where management has personal interest that may have a potential conflict with the interest of company at large.

The details of transactions of the company with the related parties have been disclosed as Note No.29 of the Notes on Accounts. Management Discussions and Analysis Report has been annexed to the Annual Report.

**10. General Shareholder Information:**

AGM: Date Time Venue	Tuesday, 5 <sup>th</sup> August, 2014. 10:30 a.m. M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.
Financial Year	April 2013 to March 2014
Dates of Book Closure	16 <sup>th</sup> June, 2014 to 23 <sup>rd</sup> June, 2014
Dividend Payment Date	Not applicable



Listing on Stock Exchange	Bombay Stock Exchange Ltd. Mumbai
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 752B01024
Stock Code	Mumbai 506605
Market Price Data: High, Low during each Month in the financial year 2013-14	See Table No. 1 below
Registrar and Share Transfer Agents	M/s. Sharepro Services 13AB, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072. Telephone : 022 67720300, 022 67720400 Fax : 022 28591568 Email : sharepro@shareproservices.com
Share Transfer System	Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See table No. 2 & 3
De-materialisation of shares and liquidity	See table No. 4
Plant Location	SPECIALTY CHEMICALS W-91, MIDC Phase II Dombivali (E) 421 203.
Address for correspondence	Registered Office: 7, J.Tata Road, Churchgate Reclamation, Mumbai 400 020. Telephone : 022 22820048 Fax : 022 22850606 Email : polychemltd@kilachand.com Website : www.polychemltd.com CIN: L24100MH1955PLC009663

**11. General Body Meetings:**

The particulars of Annual General Meetings / Extraordinary General Meetings of the Company held during the last 3 years are as under. The shareholders passed all the resolutions set out in the respective notices.

F.Y.	AGM	LOCATION	DATE	TIME
2010-11	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	05-09-2011	10:30 a.m.
2011-12	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	17-09-2012	02:30 p.m.
2012-13	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	06-08-2013	10:30 a.m.

**Table 1 - Market Price Data**

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2013-2014:

Month	High (Rs.)	Low (Rs.)	Total No. of shares traded
April - 2013	140.00	122.00	111
May - 2013	170.00	129.15	304
June - 2013	272.00	161.55	10,842
July - 2013	256.00	208.55	430
August - 2013	228.05	198.60	979
September - 2013	211.00	175.00	1,694
October - 2013	272.00	183.75	13,919
November - 2013	255.60	217.00	3,204
December - 2013	282.00	234.00	3,673
January - 2014	278.25	225.00	3,233
February - 2014	288.00	265.00	780
March - 2014	285.00	238.05	2,357

**Table 2 - Distribution of shareholding as on 31-03-2014**

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 100	74,911	18.54	10,614	98.21
101 to 500	30,660	7.59	150	1.39
501 to 1000	7,759	1.92	11	0.10
1001 to 5000	44,122	10.92	21	0.19
5001 to 10000	60,822	15.05	7	0.06
10001 to 100000	1,85,771	45.98	5	0.05
100001 and above	-	-	-	-
Total	4,04,045	100.00	10,808	100.00

**Table 3 - Categorywise distribution of shareholding as on 31-03-2014**

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	10	1,96,077	48.53
2.	Public Financial Institutions & Banks	26	17,579	4.35
3.	Mutual Funds	-	-	-
4.	Bodies Corporate	128	36,629	9.07
5.	Resident Individuals	10,611	1,53,110	37.89
6.	FII & OCBs	-	-	-
7.	Non-Resident Individuals	33	650	0.16
8.	State Government	-	-	-
	Total	10,808	4,04,045	100.00

**Table 4 - Break-up of shares in physical and electronic mode as on 31-03-2014**

Mode	No of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	7,990	73.93	55,733	13.79
Electronic	2,818	26.07	3,48,312	86.21
Total	10,808	100.00	4,04,045	100.00

**Details of Director appointed and re-appointed during the year:**

The details of Director being appointed and re-appointed in the ensuing Annual General Meeting has been given in the 'Notice' calling the Fifty Seventh Annual General Meeting of the Company.

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To the Members of **POLYCHEM LIMITED**

We have examined the compliance of conditions of Corporate Governance by POLYCHEM LIMITED for the year ended on March 31, 2014, as stipulated in Revised Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we state that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned clause of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders' / Investors' Grievance Committee except in cases which are constrained by disputes and legal impediments.

We further state that compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For G. M. KAPADIA & CO.**  
Chartered Accountants  
Firm Regn. No 104767W

**YAGNESH MEHTA**  
Partner

Membership No. 34275

Place: Mumbai  
Date: 29<sup>th</sup> May, 2014



## AUDITOR'S REPORT

To the Members of POLYCHEM LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of POLYCHEM LIMITED ("the Company") which comprise the Balance sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
2. In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
3. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act, read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act, 1956.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**  
Firm Regn. No 104767W

**(YAGNESH MEHTA)**  
Partner  
(Membership No. 34275)

Place: Mumbai  
Date: 29<sup>th</sup> May, 2014

#### **ANNEXURE TO THE AUDITOR'S REPORT**

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirement" of our report of even date  
On the basis of the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief in our opinion, we further report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We have been further informed that there is no material discrepancies between the book records and the physical verification have been noticed.  
(c) In our opinion, and according to the information & explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable.  
(b) The procedures of physical verification, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company is maintaining proper records of inventories. No discrepancies were noticed on verification between the physical inventories and the book records.
- (iii) (a) The Company had granted an inter corporate deposit to 1 (One) company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 489,08,966/- and the balance at the end of the year was Rs. 487,66,002/-  
(b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions of loan covered in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.  
(c) In respect of the aforesaid loans, the Company is regular in receiving of interest and the principal amount wherever applicable.

- (d) There are no overdue amounts in respect of loan given.
- (e) The Company has not taken loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence question of reporting under sub clauses (f) to (g) of clause 4(iii) of the Order does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions for the year that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, during the year, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A, 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. As informed to us, the Company has refunded principal amount of deposit in case of matured deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues wherever applicable and there are no amounts in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of any dispute except disputed dues as under:

Name of the Statute	Nature of dues	Financial Year	Amount In Rs (000's)	Authority with whom Appeal Pending
The E.S.I. Act, 1948	ESIC	2000-01	94	Assistant Director (Maharashtra)

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth as at 31st March 2014. The Company has not incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses during the immediately preceding financial year.
- (xi) The Company has neither raised any loans from banks and financial Institutions nor issued any debentures, therefore the provisions of clause 4 (xi) of the Companies (Auditor's Report) Order regarding default in repayment of dues to banks and debenture holders are not applicable to the Company.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a nidhi / mutual fund / society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the Company.
- (xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. The investments by way of bonds, mutual funds and shares are held by the Company in its own name.



- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed term loans during the year and hence provisions of sub clause (xvi) of clause 4 of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year, hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The Company has not issued any debentures, hence the question of whether securities or charge have been created does not arise.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriation of assets) on or by the company has been noticed or reported during the year by the Company.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**  
Firm Regn. No 104767W

**(YAGNESH MEHTA)**  
Partner  
(Membership No. 34275)

Place: Mumbai  
Date: 29<sup>th</sup> May, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note	Rupees in 000's	
		As at 31st March 2014	As at 31st March 2013
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds :</b>			
(a) Share capital	2	4,040	4,040
(b) Reserves & surplus	3	149,483	135,126
		<u>153,523</u>	<u>139,166</u>
<b>2 Non current liabilities</b>			
(a) Long term provisions	4	256	562
		<u>256</u>	<u>562</u>
<b>3 Current liabilities</b>			
(a) Trade payables	5	20,617	9,114
(b) Other current liabilities	6	2,432	3,677
(c) Short term provisions	7	836	791
		<u>23,885</u>	<u>13,582</u>
	Total	<u><u>177,664</u></u>	<u><u>153,310</u></u>
<b>II ASSETS</b>			
<b>1 Non current assets</b>			
(a) Fixed assets	8		
Tangible assets		6,259	4,750
Intangible assets		664	255
		<u>6,923</u>	<u>5,005</u>
(b) Non current investments	9	14,406	48,795
(c) Deferred tax asset (net)	10	711	765
(d) Long term loans and advances	11	10,532	6,146
(e) Other non current assets	12	6,104	6,005
		<u>38,676</u>	<u>66,716</u>
<b>2 Current assets</b>			
(a) Inventories	13	24,941	20,868
(b) Trade receivables	14	40,191	23,392
(c) Cash and cash equivalent	15	13,683	16,255
(d) Short term loans and advances	16	59,983	26,047
(e) Other current assets	17	191	32
		<u>138,989</u>	<u>86,594</u>
	Total	<u><u>177,664</u></u>	<u><u>153,310</u></u>

Summary of significant accounting policies 1  
The notes are an integral part of the financial statements

As per our attached report of even date

**For G.M.Kapadia & Co.,**  
Chartered Accountants  
**Yagnesh Mehta**  
Partner

For and on behalf of the Board

**T. R. Kilachand**  
**P. T. Kilachand**  
**N. T. Kilachand**  
**V. V. Sahasrabudhe**  
**C. R. Desai**  
**D. J. Vyas**  
**A. H. Mehta**

Executive Chairman  
Managing Director  
Director  
Director  
Director  
Director  
VP - Corporate Affairs &  
Company Secretary

Mumbai Dated: 29<sup>th</sup> May, 2014

Mumbai Dated: 29<sup>th</sup> May, 2014



## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31ST MARCH 2014

Rupees in 000's

Particulars	Note	As at	
		31st March 2014	31st March 2013
<b>CONTINUING OPERATIONS</b>			
I Revenue from operations			
(a) Revenue from operations(Gross)	18	<b>185,421</b>	103,996
Less: Excise duty		<b>(20,115)</b>	(11,087)
Revenue from operations (Net)		<b>165,316</b>	92,909
(b) Other operating income		<b>3,492</b>	1,835
		<b>168,808</b>	94,744
II Other Income	19	<b>10,135</b>	10,414
III Total revenue (I+II)	Total	<b>178,943</b>	105,158
<b>IV EXPENSES</b>			
(a) Cost of materials consumed	20	<b>112,120</b>	64,997
(b) (Increase)/Decrease in stock of Work in Process	21	<b>(2,081)</b>	347
(c) Manufacturing & other expenses	22	<b>41,121</b>	32,432
(d) Employee benefits expenses	23	<b>11,483</b>	10,343
(e) Finance cost	24	<b>351</b>	202
(f) Depreciation & amortization		<b>1,422</b>	1,116
	Total	<b>164,416</b>	109,437
V Profit before exceptional and extra ordinary items and tax (III-IV)		<b>14,527</b>	(4,279)
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V-VI)		<b>14,527</b>	(4,279)
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		<b>14,527</b>	(4,279)
X Tax expense			
(1) Current tax		-	-
(2) Deferred tax		<b>54</b>	431
(3) Income tax earlier years		<b>553</b>	-
(4) Income tax provision written back		<b>(85)</b>	-
		<b>522</b>	431
XI Profit/(Loss) for the period from continuing operations (IX-X)		<b>14,005</b>	(4,710)
XII Prior period items		<b>353</b>	(76)
XIII Profit/(Loss) for the period (XI-XII)	Total	<b>14,357</b>	(4,786)
XIV Earnings per equity share (EPS) - Basic & Diluted			
No of equity shares		<b>404,045</b>	404,045
Par value per share		<b>10.00</b>	10.00
Earnings per share from continuing operations - Basic & Diluted		<b>35.53</b>	(11.85)

The notes are an integral part of the financial statements

As per our attached report of even date

**For G.M.Kapadia & Co.,**  
Chartered Accountants  
**Yagnesh Mehta**  
Partner

For and on behalf of the Board

**T. R. Kilachand** Executive Chairman  
**P. T. Kilachand** Managing Director  
**N. T. Kilachand** Director  
**V. V. Sahasrabudhe** Director  
**C. R. Desai** Director  
**D. J. Vyas** Director  
**A. H. Mehta** VP - Corporate Affairs & Company Secretary

Mumbai Dated: 29<sup>th</sup> May, 2014Mumbai Dated: 29<sup>th</sup> May, 2014



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2014

Particulars	Rupees in 000's	
	As at 31st March 2014	As at 31st March 2013
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>14,880</b>	<b>(4,279)</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Adjustment for:</b>		
Depreciation	1,422	1,116
Interest Income	(6,001)	(2,962)
Dividend Income	(38)	(41)
Finance Cost	351	202
Diminution in the value of Investment	119	-
Interest Received Income Tax Refund	-	(302)
(Profit)/Loss on Fixed Assets discarded	49	1
Unrealised Foreign Exchange (Gain)/ loss	477	113
Net (gain)/loss on sale of investments	(3,904)	(6,917)
Amount no longer payable -written back	(157)	46
Amount not recoverable - written off	105	6
Group Gratuity & leave encashment provision written back	-	98
Prior period expenses	(353)	(76)
	<u>6,950</u>	<u>(12,995)</u>
<b>Operating Profit/(Loss) before working capital charges</b>	<b>6,950</b>	<b>(12,995)</b>
(Increase)/Decrease in trade receivables	(17,381)	(8,169)
(Increase)/Decrease in long term loans and advances	(4,386)	-
(Increase)/Decrease in other receivables	(33,936)	(25,216)
Increase/(Decrease) in sundry creditors & other payables	10,259	4,224
(Increase)/Decrease in Inventories	(4,073)	1,055
<b>Cash (used in) / generated from operations</b>	<b>(42,567)</b>	<b>(41,101)</b>
Tax payments	(652)	(602)
<b>Net cash generated from / (used in) Operating activities</b>	<b>(43,220)</b>	<b>(41,703)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,545)	(2,424)
Proceeds from sale of fixed assets	154	-
Proceeds from sale of investments	37,574	64,677
Purchase of investments	600	(30,280)
Interest received	6,095	3,354
Dividend Received	(37)	41
<b>Net cash generated from Investing activities</b>	<b>40,841</b>	<b>35,368</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Expense and bank charges	(351)	(202)
<b>Net cash (used in) financing activities</b>	<b>(351)</b>	<b>(202)</b>
<b>Net (Decrease)/ Increase in cash and cash equivalents</b>	<b>(2,729)</b>	<b>(6,537)</b>
Cash and cash equivalents at the beginning of the year	<u>16,223</u>	<u>22,760</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>13,494</u></b>	<b><u>16,223</u></b>
<b>Reconciliation of cash and cash equivalents</b>		
As per Balance Sheet - Note 16	13,683	16,255
Less : Interest accrued on bank deposits	(189)	(32)
<b>As per Cash flow statement</b>	<b><u>13,494</u></b>	<b><u>16,223</u></b>

As per our attached report of even date

For G.M.Kapadia & Co.,  
Chartered Accountants  
Yagnesh Mehta

Partner

Mumbai Dated: 29<sup>th</sup> May, 2014

For and on behalf of the Board

T. R. Kilachand  
P. T. Kilachand  
N. T. Kilachand & V. V. Sahasrabudhe  
C. R. Desai & D. J. Vyas  
A. H. Mehta

Executive Chairman  
Managing Director  
Director  
Director  
VP - Corporate Affairs &  
Company Secretary

Mumbai Dated: 29<sup>th</sup> May, 2014

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014****GENERAL INFORMATION**

Polychem Limited is engaged in the manufacturing of specialty chemicals, the company has manufacturing plants in India and sells it in Domestic as well as International market. The company is a public limited company and is listed on the Bombay Stock Exchange (BSE).

**(1) SIGNIFICANT ACCOUNTING POLICIES****(i) Basis of accounting**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, on the basis of going concern under the historical cost convention and also on accrual basis. These financial statements comply, in all material aspects, with the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) and also accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. All the divisions of the Company have normal operating cycle of less than twelve months, hence a period of twelve months has been considered for bifurcation of assets and liabilities into current and non-current as required by Schedule VI to the Companies Act, 1956 for preparation of Financial Statements.

**Use of Estimate**

The preparation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results get materialized.

**(ii) Fixed assets and depreciation****a. Fixed assets****Intangibles**

Business application software intended for long term use are recorded at their acquisition cost and cost of assets at their carrying values.

**Tangibles**

All fixed assets are stated at cost of acquisition, less accumulated depreciation and includes adjustments arising from exchange rate variations attributable to fixed assets. In the case of fixed assets acquired for new projects / expansion, interest cost borrowings, and other related expenses incurred upto the date of completion of project are capitalised.

**b. Depreciation****Intangibles**

Computer software is being depreciated on written down method at the rates specified in schedule XIV of the Companies Act, 1956.

**Tangibles**

Depreciation on tangible assets has been provided on written down method at the rates specified in Schedule XIV of the Companies Act, 1956.

**c. Impairment of assets**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**(iii) Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition cost of the investment is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investment are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary diminution in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(iv) Inventories**

Stores, spares and packing materials, raw materials, work-in-process and finished goods are valued at cost or net realisable value, whichever is lower. Cost of stores, spares and packing materials and raw materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

**(v) Property under development**

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuers and development expenses incurred thereon.

**(vi) Employee benefits**

- a. Short term employee benefits (benefits which are payable within twelve months after the end of the period in which employees render services) are measured at cost.
- b. Long term employee benefits (benefits which are payable after the end of twelve months in which the employees render services) and post employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.
- c. Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and recognised as an expense when employees have rendered service entitling them to the contributions.
- d. The cost of providing gratuity, a defined benefit contribution plan, is determined using Projected Unit Credit Method on the basis of actuarial valuation carried out by actuaries at the balance sheet date. The gratuity obligation recognized in balance sheet represents the present value of the obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognised in the Profit and Loss account.

**(vii) Accounting of CENVAT credit**

CENVAT credit on raw material and capital goods is accounted for by reducing the purchase of cost of raw material and capital goods respectively.

**(viii) Revenue recognition**

Revenue (Income) is recognised when no significant uncertainty as to determination or realisation exists. Sales are recognised ex-works and are inclusive of excise duty and net of sales tax.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014****(ix) Foreign currency transactions**

- a. Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction.
- b. The difference between the rate at which the transactions are accounted as stated above and the contracted rate is spread over the life of the contract. The difference on account of fluctuation in the rate of exchange is dealt with in the Statement of Profit and Loss .
- c. Year end monetary assets are translated at year end rate of exchange.

**(x) Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

**(xi) Taxes on income**

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year's timing differences between taxable incomes and accounting income of the year and reversal of timing differences of earlier years.

Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future.

**(xii) Segment reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further , inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a resonable basis, have been included under "Unallocated expenses".

**(xiii) Earnings per share**

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity shares to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjuted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split ( consolidation of shares ) that have changed the number of equity shares outstanding, without a corresponding change in resources.
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(xiv) Provisions, contingent liabilities and contingent assets**

A provision is recognised when an enterprise had present obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimates can be made.

Provisions are not discounted to their present value and are determined based on management estimates required to settle the obligations at the balance sheet date.

These are reviewed at the balance sheet date and adjusted to reflect the current management estimates.

**(xv) Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

Rupees in 000's

	As at 31st March 2014	As at 31st March 2013
<b>2 SHARE CAPITAL</b>		
<b>Authorised share capital</b>		
40,000,000 (40,000,000) Equity shares of Rs 10/- each	400,000	400,000
600,000 (600,000) 13.50% Redeemable cumulative preference shares of Rs 100/- each	60,000	60,000
500,000 (500,000) Cumulative convertible preference shares of Rs 100/- each	50,000	50,000
Total	<u>510,000</u>	<u>510,000</u>
<b>Issued share capital</b>		
404,045 (404,045) Equity shares of Rs 10/- each fully paid up	4,040	4,040
Total	<u>4,040</u>	<u>4,040</u>
<b>Subscribed &amp; paid up share capital</b>		
404,045 (404,045) Equity shares of Rs 10/- each fully paid up	4,040	4,040
Total	<u>4,040</u>	<u>4,040</u>

The company has one class of equity shares having a par value Rs 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**2.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period**

Particulars	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	Quantity	Quantity	Amount (000's)	Amount (000's)
(a) Equity shares of Rs 10/- each				
Shares outstanding at the beginning of the year	404,045	404,045	4,040	4,040
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	404,045	404,045	4,040	4,040

**2.2 Aggregate number of shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding reporting financial year**

Particulars	31st March 2014	31st March 2014	31st March 2013	31st March 2013
	Financial year	No of Shares	Financial year	No of Shares
(a) 13.5% redeemable cumulative preference shares of Rs 100/- each	-	-	2007-08	50,000

**2.3 Details of shareholding more than 5 percent of equity shares**

Name of the shareholder	No of shares held	% of holding	No of Shares held	% of holding
	31st March 2014	31st March 2014	31st March 2013	31st March 2013
(1) Virsun Investments P Ltd	82,452	20.41%	82,574	20.43%
(2) Highclass Trading P Ltd	39,842	9.86%	39,842	9.86%
(3) Rasayani Traders Pvt. Ltd.	33,882	8.38%	-	-

**3 RESERVES AND SURPLUS**

<b>(a) Capital Reserves</b>				
At the beginning and at the end of the year			3,562	3,562
<b>(b) Capital Redemption Reserve</b>				
At the beginning and at the end of the year			5,000	5,000
<b>(c) Securities Premium Account</b>				
At the beginning and at the end of the year			142,437	142,437
<b>(d) General reserves</b>				
At the beginning and at the end of the year			206,993	206,993
<b>(e) Surplus</b>				
Opening balance			(222,866)	(218,080)
(+) Net Profit/(Net Loss) For the current year			14,357	(4,786)
Closing balance			<u>(208,509)</u>	<u>(222,866)</u>
Total			<u>149,483</u>	<u>135,126</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Rupees in 000's

	As at 31st March 2014	As at 31st March 2013
<b>4 LONG TERM PROVISIONS</b>		
Income tax provision (net of advance tax)	-	85
Provision for retirement benefits		
Gratuity	<u>256</u>	<u>477</u>
	<u>256</u>	<u>477</u>
Total	<u>256</u>	<u>562</u>
<b>5 TRADE PAYABLES</b>		
Trade payable - goods	<u>20,617</u>	<u>9,114</u>
Total	<u>20,617</u>	<u>9,114</u>
Based on information available with the company the balance due to Micro & small and medium enterprises as defined under MSMED Act, 2006 as at 31st March 2014 & 31st March 2013 is NIL. No interest during the year and previous year has been paid under the terms of the MSMED Act, 2006.		
<b>6 OTHER CURRENT LIABILITIES</b>		
Outstanding expenses	1,104	1,163
Other payables		
Trade payable for expenses	973	1,931
Statutory dues	<u>355</u>	<u>485</u>
Other current liabilities	<u>2,432</u>	<u>3,579</u>
Other liabilities	-	98
	-	98
Total	<u>2,432</u>	<u>3,677</u>
<b>7 SHORT TERM PROVISIONS</b>		
Provision for employee benefits		
Gratuity payable	445	394
Bonus payable	4	4
Leave travel allowance payable	<u>387</u>	<u>393</u>
Total	<u>836</u>	<u>791</u>

**8 FIXED ASSETS**

Rupees in 000's

Nature of Assets	Gross Block			Depreciation				Net block			
	As at 1-Apr-13	Additions	Deductions/ Adjustments	As at 31-Mar-14	Up to 1-Apr-13	For the year	Deductions/ Adjustments	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13	
<b>Tangible Assets</b>											
Building	148	237	-	385	62	31	-	93	292	86	
Plant and machinery	619	1,828	74	2,373	413	60	52	421	1,952	206	
Vehicles	3,879	-	785	3,094	2,072	446	633	1,885	1,209	1,807	
Furniture & fixtures	1,635	89	15	1,709	204	266	10	460	1,249	1,431	
Office equipment	1,131	358	45	1,444	321	180	23	478	966	810	
Computers	961	416	21	1,356	551	232	18	765	591	410	
Total	<u>8373</u>	<u>2928</u>	<u>940</u>	<u>10361</u>	<u>3623</u>	<u>1215</u>	<u>736</u>	<u>4102</u>	<u>6259</u>	<u>4750</u>	
<b>Intangible Assets</b>											
Computer software	315	617	-	932	60	207	-	267	664	255	
Total	<u>315</u>	<u>617</u>	<u>-</u>	<u>932</u>	<u>60</u>	<u>207</u>	<u>-</u>	<u>267</u>	<u>664</u>	<u>255</u>	
<b>Total Assets</b>	<b>Total</b>	<b>8,688</b>	<b>3,545</b>	<b>940</b>	<b>11,293</b>	<b>3,683</b>	<b>1,422</b>	<b>736</b>	<b>4,370</b>	<b>6,923</b>	<b>5,005</b>
Previous Year		6,270	2,425	7	8,688	2,574	1,116	7	3,683	5,005	3,696

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

Rupees in 000's

					As at 31st March 2014	As at 31st March 2013
<b>9 NON CURRENT INVESTMENTS</b>						
Other Investments (at cost unless stated otherwise)						
<b>Quoted</b>						
<b>(a) Investment in equity instruments (Quoted)</b>						
					1861	2106
	Investment in equity instruments				<u>1,861</u>	<u>2,106</u>
				Total		
<b>Particulars</b>	<b>Current year No of shares</b>	<b>Previous year No of shares</b>	<b>Face value per share</b>	<b>Partly/Fully Paid up</b>	<b>31st March 2014</b>	<b>31st March 2013</b>
Great Eastern Shipping Co. Ltd.	600	600	10/-	Fully paid	219	219
Hindustan Uni Lever Ltd.	-	600	1/-	Fully paid	-	126
Housing Development Finance Co. Ltd.	500	500	2/-	Fully paid	206	206
ICICI Bank Ltd.	175	175	10/-	Fully paid	163	163
Infrastructure Development Finance Co. Ltd.	800	800	10/-	Fully paid	140	140
ITC Ltd.	1,200	1,200	1/-	Fully paid	111	111
Larsen & Toubro Ltd.	390	260	2/-	Fully paid	452	452
Adani Port Special Economic Zone Ltd.	1,500	1,500	2/-	Fully paid	149	149
Reliance Industries Ltd.	292	292	10/-	Fully paid	393	393
Less : Provision for diminution					<u>(119)</u>	<u>-</u>
					<u>274</u>	<u>-</u>
				Total	<u>1,861</u>	<u>2,106</u>
<b>(b) In Associates</b>						
<b>Investment in equity instruments (quoted)</b>						
					41,944	41,944
	Gujarat Poly Avx-Electronics Ltd.				<u>(30,479)</u>	<u>(30,479)</u>
	Less : Provision for diminution				<u>11,465</u>	<u>11,465</u>
				Total	<u>11,465</u>	<u>11,465</u>
<b>Particulars</b>	<b>Current year No of shares</b>	<b>Previous year No of shares</b>	<b>Face value per share</b>	<b>Partly/Fully Paid up</b>	<b>31st March 2014</b>	<b>31st March 2013</b>
Gujarat Poly Avx-Electronics Ltd.	2,866,154	2,866,154	Rs 10/-	Fully paid	41,944	41,944
Less: Provision for diminution in value					<u>(30,479)</u>	<u>(30,479)</u>
Net value					<u>11,465</u>	<u>11,465</u>
<b>Unquoted</b>						
<b>(a) Investment in mutual funds (unquoted)</b>						
					-	34,744
	Investment in mutual funds				<u>-</u>	<u>34,744</u>
				Total	<u>-</u>	<u>34,744</u>
<b>Particulars</b>	<b>Current year No of shares</b>	<b>Previous year No of shares</b>	<b>Face value per unit</b>	<b>Partly/Fully Paid up</b>	<b>31st March 2014</b>	<b>31st March 2013</b>
HDFC high interest fund - short term plan - (G)	-	1,173,545	1000/-	Fully paid	-	24,744
IDFC Dynamic Bond Fund - Plan A (G)	-	462,331	1000/-	Fully paid	-	10,000
					<u>-</u>	<u>34,744</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	Current year No of shares	Previous year No of shares	Face value per share	Partly/Fully Paid up	31st March 2014	31st March 2013
<b>(b) Investment in preference shares (unquoted)</b>						
Gujarat Poly Avx-Electronics Ltd.					<u>1,080</u>	<u>480</u>
				Total	<u>1,080</u>	<u>480</u>
Gujarat Poly Avx-Electronics Ltd. 1/2 % Non cumulative redeemable preference share	668,280	547,410	100/-	Fully paid	<u>1,080</u>	<u>480</u>
				Total	<u>1,080</u>	<u>480</u>
<b>Total Non current investments</b>				Total	<u>14,406</u>	<u>48,795</u>
Aggregate value of quoted investments			Cost		<u>43,924</u>	44,050
			Market value		<u>14,073</u>	17,381
Aggregate provision for dimunition in value					<u>30,598</u>	30,479
Aggregate value of unquoted investments			Cost		<u>1,080</u>	35,224
<b>10 DEFERRED TAX ASSETS (NET)</b>						
(a) Deferred tax assets					<u>711</u>	765
(b) Deferred tax liability					<u>-</u>	-
				Total	<u>711</u>	<u>765</u>
<b>11 LONG TERM LOANS AND ADVANCES - UNSECURED - CONSIDERED GOOD</b>						
Unsecured , considered good						
(a) Security deposits					<u>1,156</u>	<u>653</u>
					<u>1,156</u>	<u>653</u>
(b) <u>Other loans and advances</u>						
Prepaid expenses					<u>36</u>	6
MVAT & CST Receivable					<u>8,048</u>	4,317
Staff loans and advances					<u>1,292</u>	1,069
Others					<u>-</u>	101
					<u>9,376</u>	<u>5,493</u>
				Total	<u>10,532</u>	<u>6,146</u>
<b>12 OTHER NON CURRENT ASSETS</b>						
Advance Tax (net of Provision)					<u>6,104</u>	6,005
				Total	<u>6,104</u>	<u>6,005</u>
<b>13 INVENTORIES</b>						
(a) Raw materials and components (valued at cost)					<u>3,046</u>	<u>1,634</u>
					<u>3,046</u>	<u>1,634</u>
(b) Work-in-process (valued at cost)					<u>5,169</u>	<u>3,608</u>
					<u>5,169</u>	<u>3,608</u>
(c) Stores & spares (valued at cost)					<u>260</u>	<u>204</u>
					<u>260</u>	<u>204</u>
(d) Finished Goods-in-transit					<u>524</u>	-
					<u>524</u>	-
(e) Property Development					<u>15,942</u>	<u>15,422</u>
					<u>15,942</u>	<u>15,422</u>
				Total	<u>24,941</u>	<u>20,868</u>
<b>14 TRADE RECEIVABLES</b>						
Unsecured, considered good					<u>40,191</u>	<u>23,392</u>
					<u>40,191</u>	<u>23,392</u>
(a) Outstanding for a period exceeding six months					<u>69</u>	-
(b) Others					<u>40,122</u>	<u>23,392</u>
				Total	<u>40,191</u>	<u>23,392</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Rupees in 000's

	As at 31st March 2014	As at 31st March 2013
<b>15 CASH AND BANK BALANCES</b>		
(a) <u>Cash &amp; cash equivalent</u>		
Bank balance	347	888
Bank deposits with less than 3 months maturity	8,500	14,167
Cash on hand	95	-
Total A	<u>8,942</u>	<u>15,055</u>
(b) <u>Others bank balances</u>		
-Term deposits with banks		-
More than 3 months but less than 12 months maturity	3,241	
More than 12 months maturity	1,500	
Margin Money	-	1,200
Total B	<u>4741</u>	<u>1,200</u>
Total (A+B)	<u><u>13,683</u></u>	<u><u>16,255</u></u>
<b>16 SHORT TERM LOANS AND ADVANCES</b>		
Unsecured considered good		
(a) Balances with government department	9,289	3,420
(b) Staff Loans and advances	691	1,196
(c) Prepaid expenses	243	523
(d) Advances to creditors & others	688	81
(e) Loans and advances to related parties		
Gujarat Poly AVX Electronics Ltd	48,766	20,100
(f) Inter corporate deposit	306	727
Total	<u><u>59,983</u></u>	<u><u>26,047</u></u>
<b>17 OTHER CURRENT ASSETS</b>		
Unsecured considered good		
(a) <u>Others</u>		
Interest accrued but not due	189	32
Dividend receivable	2	-
Total	<u><u>191</u></u>	<u><u>32</u></u>
<b>18 REVENUE FROM OPERATIONS</b>		
(a) Sale of products (Net)	165,316	92,909
(b) Sale of property	-	-
	<u>165,316</u>	<u>92,909</u>
(c) Other operating revenues		
Exchange gain difference	1,286	707
<u>Other revenue</u>		
Duty drawback received	2,188	1,110
Sale of scrap	18	18
	<u>3,492</u>	<u>1,835</u>
Total	<u><u>168,808</u></u>	<u><u>94,744</u></u>
<b>19 OTHER INCOME</b>		
(a) Interest income	6,001	2,962
(b) Dividend income	38	41
(c) Net gain / (loss) on sale of investments	3,904	6,917
(d) <u>Other non-operating income</u>		
Rent recovered	20	36
Gratuity & leave encashment provision written back	15	98
Amount not payable written back	157	46
Other sundry income	-	12
Interest recd on IT Refund	-	302
	<u>192</u>	<u>494</u>
Total	<u><u>10,135</u></u>	<u><u>10,414</u></u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Rupees in 000's

	As at 31st March 2014	As at 31st March 2013
<b>20 COST OF MATERIAL CONSUMED</b>		
Raw material consumed	112,120	64,997
Total	<u>112,120</u>	<u>64,997</u>
<b>21 INCREASE/(DECREASE) IN STOCK</b>		
<b>Work in process</b>		
Closing stock	5,169	3,608
Opening stock	<u>3,608</u>	<u>2,850</u>
	<u>1,561</u>	<u>758</u>
<b>Stock-in-transit</b>		
Closing stock	-	-
Opening stock	-	1,167
	-	<u>(1,167)</u>
<b>Property Development</b>		
Closing stock	15,942	15,422
Opening stock	<u>15,422</u>	<u>15,360</u>
	<u>520</u>	<u>62</u>
Total	<u>2,081</u>	<u>(347)</u>
<b>22 MANUFACTURING &amp; OTHER EXPENSES</b>		
Conversion & processing charges	18,524	11,646
Stores spares & packing material consumed	1,666	1,103
Land development expenses	520	63
Electric Power,oil fuel and water charges	745	742
Rent	2,165	2,043
Rates & taxes	1,008	240
Selling & distribution expenses	5,426	3,644
Insurance charges	249	145
<b>Repairs</b>		
Machinery	-	32
Building	568	-
Others	<u>529</u>	<u>3,066</u>
	<u>1,097</u>	<u>3,098</u>
Telephone expenses	551	596
Legal and professional fees	2,602	3,614
Motor car expenses	1,518	1,661
Director sitting fees	75	27
Amount not receoverable written off	105	6
Loss on sale of assets	49	1
Dimunition in the value of investments	119	-
Conveyance & travelling expenses	242	428
Share department expenses	305	282
ISO & Certification Expenses	1,585	591
General Charges	1,135	1,271
Miscellaneous expenses	<u>1,435</u>	<u>1,231</u>
	<u>9,721</u>	<u>9,708</u>
Total	<u>41,121</u>	<u>32,432</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

	Rupees in 000's	
	As at 31st March 2014	As at 31st March 2013
<b>23 EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries, wages and incentives	8,728	7,129
(b) <u>Contributions to funds</u>		
Provident fund & other funds	803	684
Gratuity & Suprer annuation fund	577	1,141
Other benefits	389	463
	<u>1,769</u>	<u>2,288</u>
(c) Staff welfare expenses	986	926
Total	<u><u>11,483</u></u>	<u><u>10,343</u></u>
<b>24 FINANCE COST</b>		
(a) Interest expense	124	98
(b) Bank Charges	227	104
Total	<u><u>351</u></u>	<u><u>202</u></u>
<b><u>Payment to Auditors</u></b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>Rupees in 000's</b>	<b>Rupees in 000's</b>
(a) As Audit fees		
Statutory audit	150	150
Limited review	188	150
	<u>338</u>	<u>300</u>
(b) As Professional fees		
Tax audit	70	70
VAT audit	75	10
Income tax representation	327	83
Service tax	55	47
Internal Audit	43	-
	<u>570</u>	<u>210</u>
Total	<u><u>908</u></u>	<u><u>510</u></u>
<b>24A Earnings in Foreign Exchange</b>		
(a) Export of Goods calculated on FOB Basis	125,037	54,517
(b) Expenditure in Foreign Currency	1,542	537
<b>25 Contingent Liabilities</b>		
i Claims against the Company not acknowledged as debts: Relates to Octroi matter, employees claims etc. (No provision is made, as the Company is hopeful of successfully Contesting the claims and as such does not expect any significant liability to crystallise)	1,239	1,239
ii Guarantees given by the banks on behalf of the Company for import licence in favour of Customs, Cental Excise and others.	534	534
iii Bonds executed in favour of the Collector of Central Excise, Mumbai for export of goods.	1,260	1,260
iv Disputed income tax liabilities contested by the company	-	17,418



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Rupees in 000's

	As at 31st March 2014	As at 31st March 2013
26 Amount of lease rental charged to the profit and loss account in respect of premises taken on cancellable operating lease is Rs 2134 ('000) (Previous Year Rs 1920 ('000)).		

**27 Employee Benefits****(i) Defined Contribution plans:**

Company's contribution to Provident Fund is Rs 606 (000) (Previous year Rs. 505 (000)).

**(ii) Defined Benefits Plans:**

The following table sets out the funded status of the Gratuity Plan and the amounts recognised in Company's financial statements as at 31st March, 2014

	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Change showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	3,277	3,073
Interest cost	226	218
Current Service Cost	158	196
Benefits Paid	(894)	(690)
Actuarial (Gain)/loss on obligations	(163)	480
Present value of obligations as at end of year	<u>2,604</u>	<u>3,277</u>
<b>(b) Changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	2,407	2,704
Expected return on plan assets	164	195
Contributions	181	156
Benefits Paid	(894)	(690)
Actuarial Gain/(loss)	45	42
Fair value of plan assets at end of year	<u>1,903</u>	<u>2,407</u>
<b>(c) Fair Value of Plan Assets</b>		
Fair value of plan assets at the beginning of year	2,407	2,704
Actual return on plan assets	209	237
Contributions	181	156
Benefits Paid	(894)	(690)
Fair value of plan assets at the end of the year	1,903	2,407
Funded status	(701)	(870)
Excess of Actual over estimated return on plan assets	45	42
(Actual rate of return = Estimated rate return as ARD falls on 31st March)		
<b>(d) Actuarial Gain/(Loss) recognised</b>		
Actuarial Gain/(loss) for the year - Obligation	163	(480)
Actuarial Gain/(Loss) for the year - Plan Assets	45	42
Total (Gain)/Loss for the year	<u>(208)</u>	<u>438</u>
Actuarial (Gain)/Loss unrecognized in the year	-	-
<b>(e) The amounts to be recognised in the balance sheet and statement of profit and loss</b>		
Present value of obligations as at the end of year	2,604	3,277
Fair value of plan assets as at the end of the year	(1903)	(2407)
Funded status	-	-
Net Asset/(Liability) recognised in the balance sheet	<u>(701)</u>	<u>(870)</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Rupees in 000's

	As at 31st March 2014	As at 31st March 2013
<b>(f) Expenses Recognised in statement of profit and loss</b>		
Current service cost	158	196
Interest Cost	226	218
Expected return on plan assets	(164)	(195)
Net Actuarial (Gain)/Loss recognised in the year	(208)	438
Expenses recognised in statement of Profit and loss	13	657
<b>(g) To fund the obligation under the plan, contributions are made to Life Insurance Corporation of India who has invested funds as under:</b>		
Description		<u>% of Investment</u>
Central Government Securities		22.85
State Government Securities		24.54
Approved marketable government guaranteed securities		1.14
Bonds/Debentures etc		31.90
Equity Shares		5.08
Preference Shares		0.00
Fixed Deposits and Money Market instruments		14.48
	<b>Total</b>	100.00
<b>(h) Assumptions</b>		
	<b>Gratuity</b>	
	<b>2013-14</b>	2012-13
Discount Rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Expected rate of increase in compensation levels (per annum)	6.00%	6.00%

28 Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

	Current Year	Previous Year
Net Profit / (loss) for the year after tax (Rs'000)	14,910	(4786)
Excess / (Short) provision for tax of earlier Years (Rs'000)	553	-
Profit / (Loss) attributable to equity shareholders (Rs'000)	14357	(4786)
Weighted average number of equity shares outstanding during the year	404,045	404,045
Basic / Diluted Earnings per share (Rs)	35.53	(11.85)
Nominal Value per Share (Rs)	10/-	10/-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

**29 Related Party Transactions**

(a) Names of related parties and description of relationship

Sr No	Nature of relationship	Name of the related parties
1	Key Managerial Personnel	Mr. T. R. Kilachand - Executive Chairman Mr. P.T. Kilachand - Managing Director
2	Entities where the key managerial personnel have significant influence	Ginners & Pressers Limited Rasayani Traders Pvt Limited Sun Tan Trading Co. Limited Connell Bros Co (India) Pvt Limited Tulsi Global Logistics Pvt Limited
3	Associate	Gujarat Poly AVX Electronics Limited

(b) Details of Transactions:

(Rupees in '000)

Details of transactions	Key Managerial personnel		Entities where the key managerial personnel have significant influence		Associate		Total Amount	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Expenses</b>								
<b>Rent</b>								
Ginners & Pressers Limited	-	-	806	765	-	-	806	765
Gujarat Poly Avx-Electronics Limited	-	-	-	-	220	220	220	220
<b>Electricity Charges</b>								
Ginners & Pressers Limited	-	-	276	273	-	-	276	273
Rasayani Traders Pvt Limited	-	-	135	48	-	-	135	48
<b>Directors Sitting Fees</b>								
N.T. Kilachand	9	3	-	-	-	-	-	-
V.V. Sahasrabudhe	18	10	-	-	-	-	-	-
Chetan Desai	24	6	-	-	-	-	-	-
Devang Vyas	24	8	-	-	-	-	-	-
Total expenses payable	75	27	1,217	1,086	220	220	1,437	1,306
<b>Reimbursement of expenses</b>								
Connell Bros Co (India) Pvt Ltd	-	-	432	496	-	-	432	496
Ginners & Pressers Ltd	-	-	1	-	-	-	-	-
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	41	33	41	33
Suntan Trading Co Ltd	-	-	555	486	-	-	555	486
Tulsi Global Logistics Pvt Ltd	-	-	117	56	-	-	117	56
Total reimbursement	-	-	1,105	1,038	41	33	1,145	1,071
<b>Interest Received</b>								
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	4,629	1,526	4,629	1,526
<b>Inter Corporate Deposit</b>								
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	24,500	20,100	24,500	20,100
<b>Balance outstanding as at year end</b>								
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	48,766	20,100	48,766	20,100

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**
**30 Segment information**

(A) Segment information for primary segment reporting (by business segments)

The Company has two business segments :

- (i) Property Development
- (ii) Specialty Chemicals

(Rupees in '000)

Particulars	Current Year			Previous Year		
	Property Development	Specialty Chemicals	Total Amount	Property Development	Specialty Chemicals	Total Amount
<b>REVENUE</b>						
From External Customer	-	168,808	168,808	-	94,744	94,744
Add: Inter Segment Sales	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	-	168,808	168,808	-	94,744	94,744
<b>SEGMENT RESULT</b>	-	23,179	23,179	-	6,341	6,341
<u>Unallocated income:</u>						
Interest and other income			10,135			10,414
<u>Unallocated expenses:</u>						
Other expenses			18,788			12,288
Interest expense						
<b>PROFIT / (LOSS) BEFORE TAX</b>			14,527			(4279)
Provision for Deferred Tax			54			431
Income tax provision written back			(85)			
Income tax for earlier years			553			
<b>PROFIT / (LOSS) AFTER TAX</b>			14,005			(4710)
<b>OTHER INFORMATION</b>						
Segment Assets	15,942	71,155	87,097	15,422	16,699	32,122
Unallocated Corporate Assets			90,567			121,188
<b>Total Assets</b>			177,664			153,310
Segment Liabilities	-	21,020	21,020	-	10,358	10,358
Unallocated Corporate Liabilities			156,645			142,952
<b>Total Liabilities</b>			177,664			153,310
Additions to Fixed Assets During Yr	520	2,456	2,975	62	31	93
Depreciation	-	270	270	-	183	183

(B) Segment Information for secondary segment reporting ( by geographical segments ) :

The Company operates only within India and hence the question of disclosure of segment information by geographical segments does not arise.

31. Previous years figures have been regrouped/rearranged wherever necessary to confirm with current year figures.

**Signatures to Notes 1 to 31**

As per our attached report of even date

**For G.M.Kapadia & Co.,**  
Chartered Accountants  
Yagnesh Mehta  
Partner

For and on behalf of the Board

**T. R. Kilachand**  
**P. T. Kilachand**  
**N. T. Kilachand**  
**V. V. Sahasrabudhe**  
**C. R. Desai**  
**D. J. Vyas**  
**A. H. Mehta**

Executive Chairman  
Managing Director  
Director  
Director  
Director  
Director  
VP - Corporate Affairs &  
Company Secretary

Mumbai Dated: 29<sup>th</sup> May, 2014

Mumbai Dated: 29<sup>th</sup> May, 2014

# POLYCHEM LIMITED

## FORM OF PROXY

Registered office: 7, Jamshedji Tata Road,  
Churchgate Reclamation, Mumbai 400 020.

Tel No.: 022-22820048, Fax No.: 022-22850606

Website : www.polychemltd.com CIN : L24100MH1955PLC009663

I/We, being the member(s) holding \_\_\_\_\_ shares of Polychem Limited, hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_ having email – id \_\_\_\_\_ or failing him

2. \_\_\_\_\_ of \_\_\_\_\_ having email – id \_\_\_\_\_ or failing him

3. \_\_\_\_\_ of \_\_\_\_\_ having email – id \_\_\_\_\_ as my/our proxy to

vote for me/us on my/our behalf at the FIFTY SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 5<sup>th</sup> August, 2014 at 10:30 a.m. at M. C Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> floor, 18/20 Kaikhushru Dubhash Marg, Mumbai-400 001 and at any adjournment thereof in respect of such resolutions as are indicated below.

Resolution No.	Resolutions	Optional	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Accounts		
2.	Re-appointment of Mr. T. R. Kilachand who retires by rotation		
3.	Re-appointment of Mr. N. T. Kilachand who retires by rotation		
4.	Appointment of Auditors and Fixing their remuneration		
<b>Special Business</b>			
5.	Appointment of Mr. V. V. Sahasrabudhe as an Independent Director.		
6.	Appointment of Mr. D. J. Vyas as an Independent Director.		
7.	Appointment of Mr. C. R. Desai as an Independent Director.		
8.	Appointment of Mr. P. T. Kilachand as Managing Director		
9.	Appointment of Mr. A. H. Mehta as Director		
10.	Appointment of Mr. A. H. Mehta as Deputy Managing Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of the Member \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

Note: The proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Affix  
Re. 1  
Revenue  
Stamp



**POLYCHEM LIMITED**

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.